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C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 000400

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PHSA, PBTS, SNAR, NZ
SUBJECT: EAP/ANP DIRECTOR MCGANN'S MAY 21 VISIT TO
WELLINGTON

REF: WELLINGTON 316

Classified By: Acting DCM Katherine B. Hadda,
for reasons 1.4 (b) and (d)

11. (C) Summary: During his May 21 visit to Wellington, EAP/ANP Office Director C. Steven McGann and GNZ counterparts agreed to work towards firm messages on Fiji, the Solomon Islands, Pacific Island Forum (PIF) reform, and other regional issues at October's PIF meetings in Tonga. They also exchanged information about their assistance to the Pacific Islands as well as regional economic opportunities such as the construction of the U.S. military base in Guam. Building on the improvement in US-NZ bilateral cooperation over the past 10 months, McGann and GNZ officials agreed to explore joint approaches to problems in the Pacific Islands, Homeland Security, and Antarctic issues. NZ Defence Officials told McGann that the GNZ recognizes it must make NZ Military capabilities and plans clear to U.S. counterparts in the coming months. End Summary

KEEPING IN TOUCH ON PACIFIC ISSUES

12. (C) At a Ministry of Foreign Affairs and Trade (MFAT) roundtable McGann and Embassy officials traded notes with Deputy Secretary Alan Williams and other GNZ officials on the recent Pacific Island Leaders Conference (PICL) in Washington. They observed the PICL helped clarify for participants that U.S. regional assistance is moving towards capacity building, technical cooperation, and developing trade and economic opportunities. By discussing with them pressing problems outside the region, including Iraq and N.Korea, the Pacific Leaders realized their views are taken seriously by USG officials. The conference also highlighted the potential USD 14 billion in opportunities that the construction of the new U.S. military base in Guam would create for Pacific Island Country (PIC) businesses. Both sides agreed that the Core Partners meeting on the margins of the PICL allowed China and other participants to take a unified approach to regional donor assistance. Approving the

EU's benchmark approach also allowed the donors to send a potent message that Fiji's interim government must return to democracy. McGann noted with appreciation NZAID Pacific Director Craig Hawke's visit to the Millennium Challenge Corporation while in Washington, as coordination will allow us to maximize the impact of US-NZ assistance.

13. (C) Both sides agreed US-NZ officials must keep in close contact to ensure that the October PIF calls for progress on Fiji, PIF reform, support for the Regional Assistance Mission Solomon Islands (RAMSI), good governance, and other regional issues. Looking forward, Williams said that Papua New Guinea (PNG) will hold elections before the October PIF meetings, and that could affect the solidarity of the Melanesian Spearhead Group on Fiji and other issues. All agreed it was important to send a consistent, tough message to Fiji, as this will make clear to the Solomon Islands and PNG that they, too, are on the hook to reform. Williams said that the recent Solomon Islands Tsunami has helped check deteriorating GOSI-RAMSI relations, and PM Sogavare is now even saying he'd accept a RAMSI close protection unit instead of one from Taiwan. GNZ expressed concerns about the new, Fijian Solomon Islands Police Chief, but said they were trying to keep an open mind. As for Fiji itself, Williams said the GNZ is "somber" as they see little progress there. NZ diplomats in Suva report that the Cabinet is fractured and the economy is weak.

14. (C) McGann explained that the proposed USG draft Regional Maritime Law Enforcement Agreement now under review by the Quad 1 countries (US, UK, France, NZ, and Japan) would strengthen existing bilateral and Quad maritime cooperation. The draft is still just a discussion paper, however, and U.S.

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officials are very interested in exchanging views with other Quad members via a "virtual working group." U.S. officials would also be happy to come to New Zealand to explain the draft. Hawke said a virtual working group focused on technical issues would be helpful. GNZ officials believe sharing background information with PICs and other simple measures could help the Islands develop the capacity to enforce any agreement. Both sides highlighted recent problems with Cook Island vessels registration (Reftel) as an example of why an agreement would be useful.

BILATERAL TIES: WHERE TO FROM HERE?

15. (C) At a follow-on meeting on bilateral issues chaired by MFAT America's Division Carl Worker, all agreed that PM Clark's March visit to Washington was a milestone. They also agreed Embassy Wellington, MFAT, and the Ministry of Defence would draft a conceptual framework for longer-term cooperation, particularly on security issues. Initiatives could include annual consultations on Pacific Island issues; developing means to coordinate on regional flare ups; working to create a regional police force to help stabilize PIC governments in crisis; cooperation on regional Homeland Security issues such as trafficking in persons; and creating public events around the US-NZ Antarctic programs. The group also reviewed upcoming bilateral visits and meetings, including Opposition Leader John Key's trip to Washington in late June, July 9-10 Trade and Investment Framework Agreement (TIFA) talks in Wellington, and OSD BG Toolan's visit to Wellington in late July/early August, and Trade/Defence Minister Goff's November visit to the Seattle Export Year Trade Mission.

A REALISTIC LOOK AT SECURITY COOPERATION

16. (C) McGann also met with Defence Secretary John McKinnon, who had recently accompanied Defence Minister Goff to

Washington. McKinnon said that from a Ministry of Defence view, both the Prime Minister's and Defence Minister's visit had been very helpful. He also said the GNZ was very pleased with recent working-level US-NZ consultations at the Pentagon, noting that OSD's Jessica Powers and others had shown a real disposition to work with New Zealand without losing sight of possible difficulties. McKinnon said that MoD was now taking a hard look at the things the NZ military is currently doing, the things they might want to do in the future, and the things they probably will not be able to do in the near and medium term. McKinnon said the GNZ would let US officials know which things fall in the latter category, in order to prevent misunderstanding.

MCCORMICK